

TOWNSHIP OF MANSFIELD  
(IRON)

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Financial Report  
With Supplemental Information  
Prepared in Accordance with GASB 34

MARCH 31, 2004

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		TOWNSHIP OF MANSFIELD	County IRON
Audit Date MARCH 31, 2004	Opinion Date JULY 10, 2004	Date Accountant Report Submitted to State: SEPTEMBER 15, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) DS ROSTAGNO, CPA, P.C.			
Street Address 101 WEST MAPLE STREET		City IRON RIVER	State MI
Accountant Signature <i>Richard D. Rostagno</i>		ZIP 49935	

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**INDEPENDENT AUDITOR'S REPORT**

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

Board of Trustees  
Township of Mansfield  
Crystal Falls, Michigan 49920

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the **Township of Mansfield**, as of and for the fiscal year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Trustees, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Township of Mansfield** at March 31, 2004, and the respective changes in financial position and cash flows thereof for the fiscal year ended, in conformity with generally accepted accounting principles in the United States of America.

As described in Note A, the **Township of Mansfield** has implemented a new financial reporting model, as required by the provisions of GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 01, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2004 on our consideration of the **Township of Mansfield's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 6 through 15 and the budgetary comparison information are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board and by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of the inquires of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Township of Mansfield's** basic financial statements. The combining and individual fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



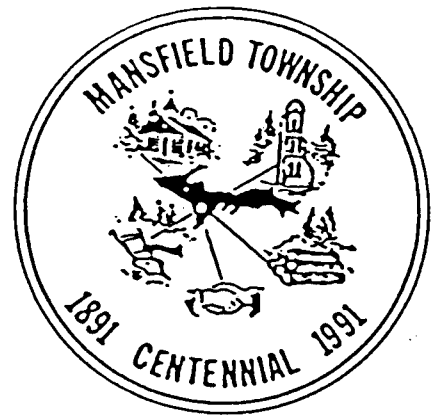
Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

July 10, 2004

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



# MANSFIELD TOWNSHIP



The management of the **Township of Mansfield** provides this narrative overview and analysis of the financial activities of the **Township of Mansfield** for the fiscal year ended March 31, 2004. As readers, you are encouraged to read this discussion and analysis in conjunction with the Township's financial statement information included in this report.

## *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The financial section of this report includes management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## *Government-wide financial statements*

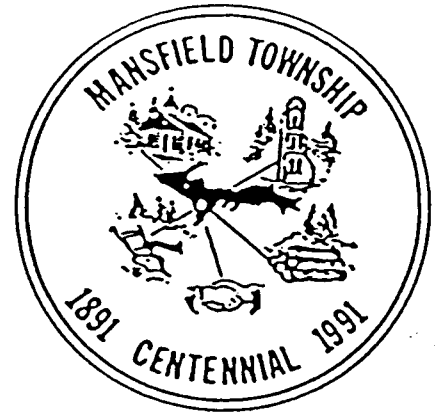
The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are mainly supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Township include general government, legislative, Township property, public safety, public works, and culture and recreation. The Township has no business-type activities.

# MANSFIELD TOWNSHIP



## *Fund Financial Statements*

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

## *Governmental Funds*

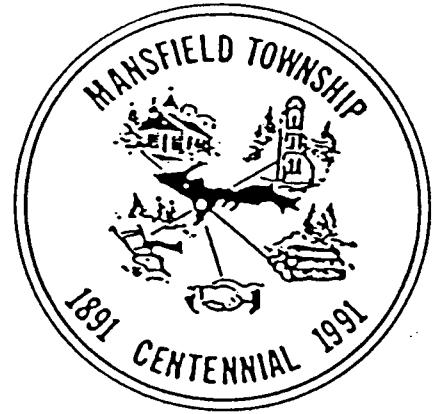
Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains four governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance for the General, and Road Funds, both of which are considered major funds. The Liquor Law Enforcement Fund and the Capital Projects Fund are non-major funds. Individual data for each fund is presented separately in the "Other Supplementary Information" section of this report.

The Township adopts an annual budget for its general and other governmental funds. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general and other major governmental funds, and is included in the "Required Supplementary Information" section of this document.

# MANSFIELD TOWNSHIP



## *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary fund for the Township is the Tax Collection Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

## *Notes to the Financial Statements*

Notes to the financial statements are included in the basic financial statements, and provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements.

## *Supplementary Information*

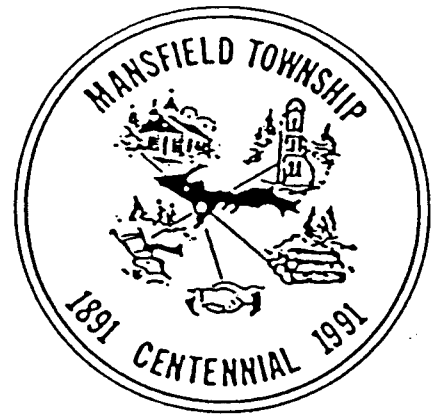
Required supplementary information follows the basic financial statements, and includes budgetary comparison schedules for the General Fund and the Township's major special revenue funds as presented in the governmental fund financial statements.

A separate financial statement for the Township's non-major governmental funds is also included in the Other Supplementary Information section of this document.

## *Government-wide Financial Analysis*

In time, net assets of a governmental entity may serve as a useful indicator of the government's financial position. In the case of the Township, assets exceeded liabilities by \$ 260,419 at March 31.

# MANSFIELD TOWNSHIP



## *Government-wide Financial Analysis*

By far, the largest portion of the Township's net assets (approximately 82%) is held in the form of cash and cash equivalents. In addition, a substantial percentage (approximately 17%) of the total net assets are in the form of capital assets. These capital assets are used to provide services to citizens and are not available for future spending. It should be noted that these assets are free of related debt. At March 31, 2004, the Township reported \$ 43,556 in net assets invested in net capital assets.

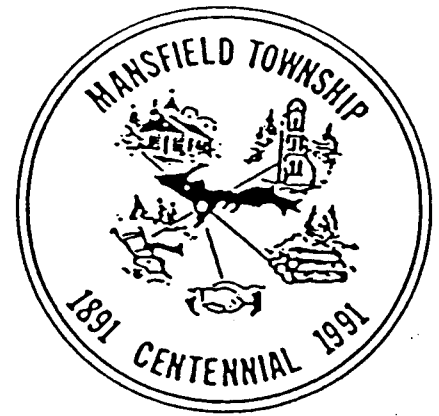
External restrictions of the Township's net assets represent resources subject to existing external obligations or programmatic control on future use. The remaining balance of unrestricted net assets of \$ 102,943 may be used to meet the Township's ongoing obligations to citizens and creditors.

## **Summary of Net Assets**

The following summarizes the net assets at fiscal year ended March 31, 2004:. Although GASB 34 requires that comparative financial data be presented, since this is the first year of implementation, prior year data is not available. Comparative financial data will be included in this schedule in subsequent years.

	<b>Primary Government</b>		
	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>			
Current and other assets	\$ 216863	\$ 0	\$ 216863
Capital assets, net	<u>43556</u>	<u>0</u>	<u>43556</u>
<b>Total Assets</b>	<b>260419</b>	<b>0</b>	<b>260419</b>

# MANSFIELD TOWNSHIP



## Government-wide Financial Analysis (Continued)

### Summary of Net Assets (Continued)

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
Long-term liabilities	\$ -0-	\$ -0-	\$ -0-
Other liabilities	-0-	-0-	-0-
<b>Total Liabilities</b>	-0-	-0-	-0-
<b>Net Assets</b>			
Invested in capital assets, net of related debt	43556		43556
Restricted	113920		113920
Unrestricted	102943		102943
<b>Total Net Assets</b>	\$ 260419	\$ -0-	\$ 260419

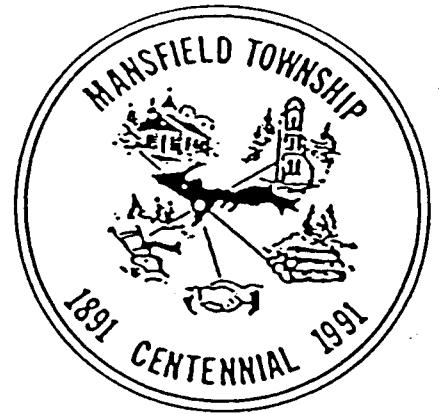
For governmental activities, net assets increased by \$ 29,970 during the fiscal year. There are no business-type activities.

### Results of Operations

For the fiscal year ended March 31, 2004, the government-wide results of operations were as follows: (Please note that since this is the first year of implementation of GASB 34, prior year financial data is not available, but will be provided in subsequent years).

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>REVENUES</b>			
<b>Program Revenues</b>			
Charges for Services	\$ 6179	\$	\$ 6179
Capital grants	0		0
<b>General Revenues</b>			
Property taxes	50894		50894
Other taxes	29894		29894
Unrestricted grants	17765		17765
Other	2487		2487
<b>Total Revenues</b>	\$ 107219	\$ -0-	\$ 107219

# MANSFIELD TOWNSHIP

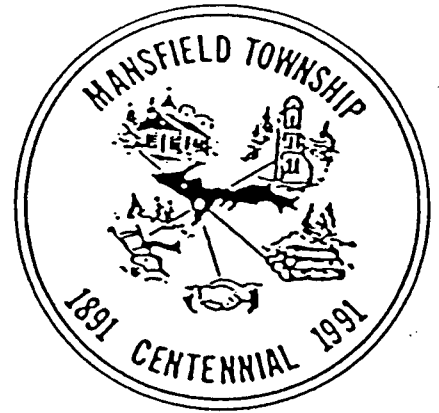


## Government-wide Financial Analysis (Continued)

### Results of Operations (Continued)

<u>EXPENSES</u>	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General government	\$ 30295	\$	\$ 30295
Legislative	13256		13256
Township property	7085		7085
Public safety	8316		8316
Public works	11381		11381
Culture and recreation	5204		5204
Depreciation	1712		1712
<b>Total governmental expenses</b>	<b>\$ 77249</b>	<b>\$ -0-</b>	<b>\$ 77249</b>
<u>Business-type activities:</u>			
Not applicable	-0-	-0-	-0-
<b>Total business-type expenses</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>TOTAL EXPENSES</b>			<b>\$ 77249</b>
Increase (Decrease) in net assets before transfers			29970
Transfers - net			0
Increase (Decrease) in Net Assets			29970
Net Assets, beginning of year			230449
<b>Net Assets, end of year</b>			<b>\$ 260419</b>

# MANSFIELD TOWNSHIP



## *Governmental Activities*

Property taxes and other tax revenues comprise \$ 80,788 or approximately 75 percent of total governmental revenues. And, at fiscal year-end, the Township reported \$ 17,765 in grants and contributions not restricted for specific programs. This amount was due entirely to the State of Michigan's state sales tax distribution.

The Township expended \$ 77,249 on governmental programs and services. Some of the largest expense categories were for general government, where \$ 30,295, or 39 percent of total governmental expenditures were incurred. Legislative expenditures accounted for \$ 13,256 or approximately 17 percent of total expenditures, while expenditures for public works amounted to \$ 11,381, or 15 percent of the total.

## *Financial Analysis of the Governmental Funds*

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

## *Governmental Funds*

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Township's governmental funds reported combined ending fund balances of \$ 218,701, of which \$ 113,920 is reserved and the remaining \$ 104,781 is available for spending at the government's discretion.

# MANSFIELD TOWNSHIP



## *Governmental Funds (Continued)*

The Township's primary governmental fund is its general fund. There are no reservations in the general fund's fund balance.

On the budgetary basis of accounting, the Township ended the fiscal year with revenues very close to the final projection. Total expenditures in the General Fund were considerably less than the final projection, while there were no expenditures in the Road Fund, despite the fact that \$ 66,000 had been appropriated for this purpose. At fiscal year-end, both the General Fund and the Road Fund had balances higher than budget.

General fund financial and budgetary highlights of the fiscal year include:

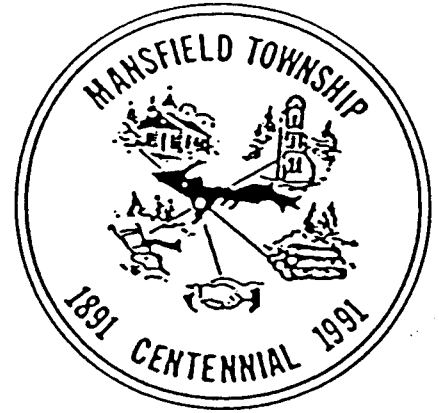
- \* Property taxes, administration fees, and other taxes were slightly less than original and final budgetary projections.
- \* State sales tax distributions were slightly less than the final amended budget, coming in at \$ 17,765, compared to the budget estimated \$ 19,000.
- \* Expenditures in total for the general fund were \$ 77,929, less than the final amended budget by \$ 18,733. This was largely due to the fact that expenditures for legislative activities and general government expenditures were considerably less than the amounts appropriated for these purposes.

Special revenue funds financial and budgetary highlights of the fiscal year include:

- \* There were no road repair costs incurred during the year. On both the original and final amended budget, \$ 66,000 had been appropriated for road repair.



# MANSFIELD TOWNSHIP



## **Capital Assets and Debt Administration**

### ***Capital Assets***

The Township's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of March 31 was \$ 43,556. The investment in capital assets includes land, buildings, improvements, and machinery and equipment.

The Township has no infrastructure assets to report.

A major capital event during the current fiscal year included:

- \* Purchase of a Cub Cadet lawn mower in the amount of \$ 2,699. A refrigerator was also purchased for \$ 500.

### ***Long-term debt***

The Township has no long-term debt at March 31, 2004.

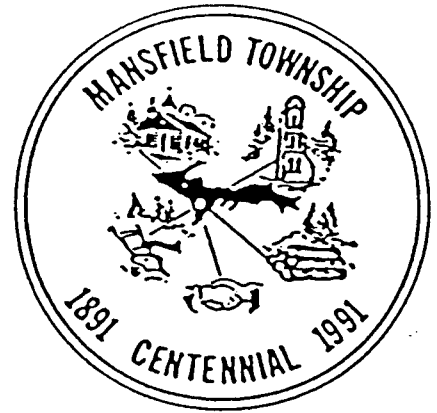
State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. Since the Township has no outstanding general obligation debt, this is not a concern of the Township.

## **Other Economic Factors and Next Year's Budget**

### ***Economic Factors***

Currently, the State of Michigan is experiencing a severe budgetary crisis. At this point, it is unknown how this will translate into reduced funding at the Township level. This is a budgetary concern, however, since the State's sales tax distribution is a large revenue item for the Township.

# MANSFIELD TOWNSHIP



## **Other Economic Factors and Next Year's Budget (Continued)**

### ***Economic Factors (Continued)***

Despite the poor outlook of the State's budget, the Township will continue to strive to provide good social and cultural conditions that support healthy families, and maintain a safe and clean community in which to live.

The Township's fiscal year 2004-2005 general fund budget is \$ 75,800 which is very close to the actual expenditures for 2003-2004.

There are no significant plans or major priorities for the Township for the 2004-2005 fiscal year, nor are there any significant tax rate or fee changes being implemented.

### **Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor  
Mansfield Township  
924 Way Dam Road  
Crystal Falls, Michigan 49920

**BASIC FINANCIAL STATEMENTS**

**TOWNSHIP OF MANSFIELD**

**STATEMENT OF NET ASSETS**

MARCH 31, 2004

	<u>PRIMARY GOVERNMENT</u>		
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL REPORTING ENTITY</u>
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents (Note C)	\$ 213804	\$	\$ 213804
Receivables			
Taxes	3059		3059
Accounts Receivable	0		0
Due from Other Governmental Units	0		0
<b>Total Current Assets</b>	<b>216863</b>	<b>0</b>	<b>216863</b>
<b><u>Noncurrent Assets</u></b>			
Capital Assets, Net (Note H)	43556	0	43556
<b>Total Noncurrent Assets</b>	<b>43556</b>	<b>0</b>	<b>43556</b>
<b>TOTAL ASSETS</b>	<b>260419</b>	<b>0</b>	<b>260419</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts Payable	0		0
Accrued Taxes			0
Deferred Revenue	0		0
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	43556		43556
Restricted for Road Repair	97591		97591
Restricted for Liquor Law Enforcement	786		786
Restricted for Capital Projects	15543		15543
Unrestricted	102943		102943
<b>TOTAL NET ASSETS</b>	<b>\$ 260419</b>	<b>\$ 0</b>	<b>\$ 260419</b>

The notes to the financial statements are integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
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**STATEMENT OF ACTIVITIES**

YEAR ENDED MARCH 31, 2004

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS</u>
Primary Government -	\$	\$	\$	\$
General government	30295	808		
Legislative	13256			
Township property	7085	2035		
Public safety	8316	385		
Public works	11381	2951		
Culture and recreation	5204			
Depreciation (Unallocated)	1712			
<b>Total Governmental Activities</b>	<b>77249</b>	<b>6179</b>	<b>0</b>	<b>0</b>
 <u>Business-type Activities</u>				
None	0	0		
<b>Total Business-type Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**General Revenues:**

Taxes:

Property taxes levied for general operations  
Property taxes levied for road repair  
Other taxes and fees  
State Sales Tax Distribution  
Sale of Property  
Interest and Investment Earnings  
Other

**Total General Revenues**

**CHANGE IN NET ASSETS**

**NET ASSETS - BEGINNING OF YEAR**

**NET ASSETS - END OF YEAR**

**TOWNSHIP OF MANSFIELD**

**STATEMENT OF ACTIVITIES**

YEAR ENDED MARCH 31, 2004

**NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS**

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (29487)	\$	\$ (29487)
(13256)		(13256)
(5050)		(5050)
(7931)		(7931)
(8430)		(8430)
(5204)		(5204)
<u>(1712)</u>		<u>(1712)</u>
(71070)	-0-	(71070)
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
18580		18580
32314		32314
29894		29894
17765		17765
0		0
1678		1678
<u>809</u>		<u>809</u>
<u>101040</u>	<u>0</u>	<u>101040</u>
29970	0	29970
<u>230449</u>	<u>0</u>	<u>230449</u>
\$ <u>260419</u>	\$ <u>0</u>	\$ <u>260419</u>

The notes to the financial statements are an integral part of this report.

**TOWNSHIP OF MANSFIELD**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

MARCH 31, 2004

	<u>GENERAL FUND</u>	<u>ROAD FUND</u>	<u>NON-MAJOR GOVERN- MENTAL FUND</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
<b><u>ASSETS</u></b>				
Cash and Investments (Note C)	\$	\$	\$	\$
Unrestricted	103686			103686
Restricted		93789	16329	110118
Receivables:				
Taxes	3059			3059
Due from Other Funds	1465	3802		5267
<b>TOTAL ASSETS</b>	\$ <u>108210</u>	\$ <u>97591</u>	\$ <u>16329</u>	\$ <u>222130</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>LIABILITIES</u></b>				
Due to Other Funds	3429			3429
<b>TOTAL LIABILITIES</b>	3429	0	0	3429
<b><u>FUND BALANCES</u></b>				
Reserved for Capital Projects			15543	15543
Reserved for Road Repair		97591		97591
Reserved for Liquor Law Enforcement			786	786
Unreserved and undesignated	104781			104781
<b>TOTAL FUND BALANCES</b>	104781	97591	16329	218701
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ <u>108210</u>	\$ <u>97591</u>	\$ <u>16329</u>	\$ <u>222130</u>

The notes to the financial statements are an integral part of this report.

**TOWNSHIP OF MANSFIELD**

**GOVERNMENTAL FUNDS  
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS**

MARCH 31, 2004

<b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 218701
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of capital assets is:	184799
Accumulated depreciation is:	(141243)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	0
Compensated Absences	0
Other long-term assets not available to pay current period expenditures therefore deferred in the funds	0
Accrued interest is not included as a liability in governmental funds	0
Amounts due to other non-governmental funds are not reported in the government-wide financial statements	(1838)
<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>260419</u></b>

The notes to the financial statements are an integral part of this report.



**TOWNSHIP OF MANSFIELD**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**

MARCH 31, 2004

	<u>GENERAL FUND</u>	<u>ROAD FUND</u>	<u>NON-MAJOR GOVERN- MENTAL FUND</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
<b>REVENUE</b>				
General Property taxes	\$ 18580	\$ 32314	\$	\$ 50894
Other local taxes	27956	944		28900
Penalties and interest on taxes	287	707		994
Licenses, permits, and fines	2843			2843
Sale of property	0			0
Use of money and property	1355		323	1678
Charges for services	2951			2951
Miscellaneous	809			809
Intergovernmental	17765		385	18150
<b>TOTAL REVENUE</b>	<b>\$ 72546</b>	<b>\$ 33965</b>	<b>\$ 708</b>	<b>\$ 107219</b>
<b>EXPENDITURES</b>				
Current Operating:				
General government	30295			30295
Legislative	13256			13256
Township property	7085			7085
Public safety	7509		807	8316
Public works	11381			11381
Culture and recreation	5204			5204
Capital Outlay	3199			3199
Intergovernmental Payments	0			0
<b>TOTAL EXPENDITURES</b>	<b>77929</b>	<b>0</b>	<b>807</b>	<b>78736</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(5383)</b>	<b>33965</b>	<b>(99)</b>	<b>28483</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in		0	10000	10000
Operating transfers out	(10000)			(10000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(10000)</b>	<b>0</b>	<b>10000</b>	<b>0</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(15383)</b>	<b>33965</b>	<b>9901</b>	<b>28483</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>120164</b>	<b>63626</b>	<b>6428</b>	<b>190218</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 104781</b>	<b>\$ 97591</b>	<b>\$ 16329</b>	<b>\$ 218701</b>

The notes to the financial statements are an integral part of this report.

**TOWNSHIP OF MANSFIELD**

**GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED MARCH 31, 2004

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 28483

Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as  
expenditures; in the statement of activities,  
these costs are allocated over their estimated  
useful lives as depreciation.

Depreciation Expense

Capital Outlay

(1712)

3199

Total

1487

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 29970

The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD

STATEMENT OF FIDUCIARY NET ASSETS

MARCH 31, 2004

<u>ASSETS</u>	<u>AGENCY</u> <u>FUND</u>
Cash and Cash Equivalents	\$ 26966
<b>TOTAL ASSETS</b>	<b>26966</b>
 <u>LIABILITIES</u>	
Due to Other Funds	1838
Due to Other Governmental Units	25128
<b>TOTAL LIABILITIES</b>	<b>26966</b>
 <b>NET ASSETS</b>	 \$ 0

The notes to the financial statements are an integral part of this report.

**NOTES TO THE FINANCIAL  
STATEMENTS**

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by the Township of Mansfield, Crystal Falls, Michigan, conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

**THE FINANCIAL REPORTING ENTITY**

The Township of Mansfield operates under an elected Council (5 members) and provides services to more than 248 residents in many areas including law enforcement protection, general administration, and road repair. In accordance with the provisions of GASB 14, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by GASB 14 for determining the various governmental organizations to be included in the reporting entity's financial statements include separation of electing governing body and legal status, and fiscal independence.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**THE FINANCIAL REPORTING ENTITY (Continued)**  
On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

**BLENDED COMPONENT UNITS**

A blended component unit is a legally separate entity from the local unit, but it is so intertwined with the unit that it is, in substance, the same as the local governmental unit.

A basic strategy of GASB 14 is to present financial information for component units separately from the financial information for the primary government. This is achieved through the discrete presentation method. However, in the case of blended component units, GASB believes that it would be more appropriate to use the blending method to incorporate the financial information of a component unit into the reporting entity's financial statements.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BLENDED COMPONENT UNITS (Continued)**

When the blending method is used, transactions and balances of a component unit are merged with similar transactions and balances of the primary government so that there is no way to identify which balances relate to the component unit and which relate to the primary government.

There are no blended component units reported in the audited financial statements for the **Township of Mansfield**.

**JOINT VENTURES**

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**JOINT VENTURES (Continued)**

An ongoing financial responsibility is determined as a participating government's obligation in some manner for debts or the joint venture's existence depends on continued funding by the participating government.

There are no joint ventures to be reported.

**JOINTLY GOVERNED ORGANIZATIONS**

A jointly governed organization is a multigovernmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

There are no jointly governed organizations to be reported.



**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**RELATED ORGANIZATIONS**

A related organization is an organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relations) even though the primary government appoints a voting majority of the organization's governing board.

There are no related organizations to be reported.

**BASIS OF PRESENTATION**

The Township follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 adds the following components to the financial statements:

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

*Management's Discussion and Analysis*

A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

*Government-wide financial statements*

These include financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt).

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

*Government-wide financial statements  
(Continued)*

Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Assets and the Statement of Program Activities.

*Statement of Net Assets*

The Statement of Net Assets displays the financial position of the primary government.

Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expenses - the cost of "using up" capital assets - in the Statement of Activities.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**BASIS OF PRESENTATION (Continued)**

*Statement of Net Assets (Continued)*

The net assets of a government are broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

*Statement of Program Activities*

The statement of program activities reports expenses and revenues in a format that focuses on the cost of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

*Budgetary comparison schedule*

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

*Budgetary comparison schedules (Continued)*  
Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Township and many other governments revise their original budgets over the course of the year for a variety of reasons.

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the Township as a whole) and fund financial statements.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

The reporting model focus is on both the Township as a whole and the fund financial statements, including the major individual funds of governmental categories, as well as the fiduciary funds (by category).

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental. In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Both government-wide and fund financial statement presentations provide valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

The Township generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The Township may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Township does not allocate indirect expenses. The operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants.



**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

In the fund financial statements, financial transactions and accounts of the Township are organized in the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

The Township's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)

The following is a brief description of the specific funds used by the Township.

GOVERNMENTAL FUNDS

These funds are those through which most governmental functions typically are financed.

The acquisition, use, and balances of the Township's expendable financial resources and the related current liabilities are accounted for through the Governmental Funds. These funds are as follows:

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

**General Fund**

This fund is used for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit.

Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

For reporting purposes, the General Fund is always considered to be a major fund.

**Special Revenue Funds**

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

GOVERNMENTAL FUNDS (Continued)

*Special Revenue Funds* (Continued)

The Township's *Liquor Law Enforcement* and *Road Repair* funds are Special Revenue Funds.

The *Road Fund* is considered a major fund for reporting purposes.

*Capital Projects Fund*

This fund is used to account for financial resources to be used for acquisition or construction of major capital facilities. This fund was established in 1980 to accumulate financial resources to be used for improvements and capital outlay of the township's roads, bridges, dams, meeting hall, and any other similar purpose as permitted by law.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2004

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

***Capital Projects Fund (Continued)***

This fund was first funded with a transfer from the General Fund. As mandated by law, such transactions are limited to two mills per year/five mills in total of the state equalized valuation of the real and personal property in the Township. Further, all interest earned on investments of the fund becomes part of the fund.

If deemed necessary for the operations of the Township, the Board at its discretion may transfer monies back to the General Fund.

**FIDUCIARY FUNDS**

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**FIDUCIARY FUNDS (Continued)**

The Township's Current Tax Collection Fund is a Fiduciary Fund. Agency funds are custodial in nature and do not involve measurement of results of operations.

**MEASUREMENT FOCUS**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statement of net assets and statement of activities, private purpose trust funds, and pension trust funds are accounted for on a flow of economic resources measurement focus.

With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets.



TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

The statement of net assets, statement of activities, and the Fiduciary Fund are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the General, Special Revenue, and Capital Projects funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available, are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants revenue is considered to be measurable and available as revenue when related eligible expenditures are incurred.

Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**MEASUREMENT FOCUS (Continued)**

The local government unit applies all GASB pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed for accountability purposes only.

It is the Township's policy to honor all unfilled contracts/orders at year-end, but the authority to complete these transactions is provided by the new year's budget appropriations, as unexpended appropriations of the current year lapse at year-end.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**CASH AND CASH EQUIVALENTS**

The Township pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

The Township classifies cash on hand, cash on deposit (including certificates of deposit), and highly liquid investments with an original maturity of ninety days or less when purchased as cash in its financial statements.

**INVENTORIES**

Inventories of supplies are expended as received.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**RECEIVABLES**

Accounts which will be collected within sixty days of year-end are accrued as accounts receivable in the General and Special Revenue Funds.

**INTEREST RECEIVABLE**

Interest on certificates of deposit is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

**DUE TO/FROM OTHER FUNDS**

Transactions between funds that had not been paid or received as of fiscal year end have been recorded as interfund accounts receivable and payable in the financial statements. These interfund receivables and payables do not represent Board-approved loans between funds.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**DEFERRED REVENUE**

Deferred revenue represents amounts under the modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, whereby such amounts are measurable but not considered currently available resources.

**FUND EQUITY**

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances represent the amount that has been legally identified for specific purposes. Designated fund balances represent amounts earmarked by the Township for future expenditures.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**FUND EQUITY (Continued)**

The Township has a reserved fund balance at March 31, 2004 as follows:

**Road Fund**

\$ 97,591 is reserved for the maintenance and improvement of Township roads in the Road Fund. Pursuant to the resolution establishing the Fund, the Township levied 1.9778 mills on its taxpayers for the fiscal year ended March 31, 2004 to finance the operations of this fund.

**Capital Projects**

\$ 15,543 is reserved for capital improvements in the capital projects fund.

**Liquor Law Enforcement**

\$ 786 is reserved for liquor law enforcement.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

BUDGETS AND BUDGETARY ACCOUNTING

The Township follows the State of Michigan Uniform Budgeting and Accounting Act for budgeting procedures. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. Unexpended appropriations lapse at fiscal year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31 of the preceding fiscal year, the Township prepares a budget for the next fiscal year beginning April 01. The operating budget includes proposed expenditures and the means of financing them.



TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

BUDGETS AND BUDGETARY ACCOUNTING  
(Continued)

2. A meeting of the Township Board is then called for the purpose of adopting the proposed budget after sufficient public notice of the meeting has been given.
3. Prior to April 01, the budget is legally enacted through passage of a resolution by the members of the Township Board.

Once the budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Township Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**PROPERTY TAX**

The delinquent real property taxes of the **Township of Mansfield** are purchased by the County of Iron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year. Taxes are assessed July 01 of each year and become delinquent February 15 of the following year.

The Township has a taxable valuation of \$ 16,340,655. Ad valorem taxes levied consisted of 3.1150 mills of which 1.1372 mills were levied to finance the general Township operations and 1.9778 mills for the maintenance and improvement of Township roads.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**NON-MONETARY TRANSACTIONS**

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

**CAPITAL ASSETS**

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds (when applicable) and as assets in the governmental-wide statements to the extent the Township's capitalization threshold of \$ 500 is met.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

CAPITAL ASSETS (Continued)

Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings.....	20 - 30 years
Infrastructure.....	10 - 65 years
Furniture and Other Equipment.....	5 - 20 years

COMPENSATED ABSENCES

The Township has no employees eligible to accrue vacation or sick pay.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2004

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**POST-EMPLOYMENT BENEFITS**

The Township offers no post-employment benefits.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B - INTERFUND ACTIVITIES**

**INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables do not represent interfund borrowings; instead, they represent actual amounts which are pending between funds at year-end due to the timing of cash flows.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE B - INTERFUND ACTIVITIES (CONTINUED)

INTERFUND RECEIVABLES AND PAYABLES  
(Continued)

Generally, these amounts clear shortly after year-end when resources become available.

The amounts of the interfund receivables and payables as of March 31, 2004 were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 1465	General	\$ 3429
Road Repair	<u>3802</u>	Trust and Agency	<u>1838</u>
Total	\$ <u>5267</u>	Total	\$ <u>5267</u>

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE B - INTERFUND ACTIVITIES (CONTINUED)**

**OPERATING TRANSFERS**

Interfund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the current fiscal year, the Township had no operating transfers.

**OTHER FINANCING SOURCES (USES)**

The transfers of cash between the various Township funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2004

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS**

**PRIMARY GOVERNMENT**

On March 31, 2004, the carrying value of the Township's deposits (Primary Government) was \$ 240,770 and is comprised of cash and deposits reflected in the following funds:

<b><i>Governmental Funds</i></b>	
General Fund	\$ 103686
Liquor Law Enforcement Fund	786
Road Fund	93789
Township Improvement Revolving Fund	<u>15543</u>
<b><i>Total Governmental Funds</i></b>	<b>213804</b>
<b><i>Fiduciary Funds</i></b>	
Tax Collection Fund	<u>26966</u>
<b><i>Total Fiduciary Funds</i></b>	<b>26966</b>
<b>Total Primary Government</b>	<b>\$ 240770</b>



**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

The three levels of risk are as follows:

- |                   |  |
|-------------------|--|
| <b>Category 1</b> | Deposits which are insured or collateralized with securities held by the Township or by its agent in the Township's name.                        |
| <b>Category 2</b> | Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name. |

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

Category 3 Deposits which are not  
collateralized or  
insured.

Based on these levels of risk, the  
Township's cash deposits (Primary  
Government) are classified as follows:

SCHEDULE OF CASH AND DEPOSITS

PRIMARY GOVERNMENT

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Totals</u>
Cash and Deposits	\$ 100002	\$ -0-	\$ 140768	\$ 240770

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

INVESTMENTS (Continued)

The Township's investments are categorized below to give an indication of the level of risk assumed at year-end. **Category 1** includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. **Category 2** includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's safekeeping department or agent in the Township's name. **Category 3** includes uninsured and registered investments for which the securities are held by the broker or dealer, or by its safekeeping department or agent, but not in the Township's name.

There are no investments for the Township, as reflected below:

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

<u>Investment Type</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Market Value</u>
	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Investments	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

STATUTORY AUTHORITY

Act 196, PA 1997, authorizes the Township to deposit and invest in:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY (Continued)

2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution eligible to be a depository of funds belonging to the State of Michigan under a law or rule of this state or the United States.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments issued by the United States or an agency or instrumentality of the United States.

TOWNSHIP OF MANSFIELD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY (Continued)

5. Bankers acceptances of United States banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. Mutual funds registered under the Investment Act of 1950 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

The Township has adopted an investment policy, allowing for all types of deposits and investments listed above. The Township's deposits and investments are in compliance with its investment policy.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE D - PENSION PLAN**

The township has no pension plan.

**NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

**BUDGET VIOLATIONS**

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated.

The Township of Mansfield's actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the Township of Mansfield were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2004

**NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS  
(CONTINUED)**

**BUDGET VIOLATIONS (Continued)**

The total actual 2003-2004 expenditures for the following activities (cost centers) exceeded the amended budget allocations by a total of \$ 10,319, contrary to the provisions of Section 17 of Public Act 621 of 1978, the "Uniform Budgeting and Accounting Act".

<u>ACTIVITY (COST CENTER)</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>OVER EXPENDITURES</u>
<i>General Fund</i>			
Supervisor	\$ 3821	\$ 3602	\$ 219
Clerk	7796	7760	36
Treasurer	9234	9170	64
Operating Transfer	<u>10000</u>	<u>0</u>	<u>10000</u>
Total	\$ 30851	\$ 20532	\$ 10319



**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE F - ACCUMULATED FUND DEFICITS**

At March 31, 2004, the Township had no fund balance/retained earnings deficit in any fund.

**NOTE G - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township.

**NOTE H - CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the fiscal year ended March 31, 2004:

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2004

**NOTE H - CAPITAL ASSETS (CONTINUED)**

	Balance March 31, 2003	<u>Increases</u>	<u>Decreases</u>	Balance March 31, 2004
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 88	\$ 0	\$ 0	\$ 88
<b>Total Capital Assets Not Being Depreciated</b>	\$ 88	\$ 0	\$ 0	\$ 88
<b>Other Capital Assets</b>				
Buildings	147702	0	0	147702
Furniture & Other Equip.	33810	3199	0	37009
<b>Total Other Cap. Assets</b>	\$ 181512	\$ 3199	\$ 0	\$ 184711
<b>Less Accumulated Depreciation for:</b>				
Buildings	(111618)	(905)	0	(112523)
Furniture & Other Equip.	(27913)	(807)	0	(28720)
<b>Total Accum. Depreciation</b>	(139531)	(1712)	0	(141243)
Other Capital Assets, Net	41981	1487	0	43468
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	\$ <u>42069</u>	\$ <u>1487</u>	\$ <u>0</u>	\$ <u>43556</u>

Depreciation was charged to governmental  
functions as unallocated.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE I - LONG-TERM DEBT**

The Township has no long-term debt for the fiscal year ended March 31, 2004.

**NOTE J - RELATED PARTY TRANSACTIONS**

*Related parties* exist when there is a relationship that offers potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE J - RELATED PARTY TRANSACTIONS (CONTINUED)**

However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there are no related party transactions reported in the financial statements.

**NOTE K - SUBSEQUENT EVENTS**

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE K - SUBSEQUENT EVENTS (CONTINUED)**

At fiscal year ended March 31, 2004, there were no subsequent events that would have a significant affect on the Township's operations.

**NOTE L - COMMITMENTS AND CONTINGENCIES**

There are no commitments or contingencies to be reported for the Township of Mansfield for the fiscal year ended March 31, 2004.

**REQUIRED SUPPLEMENTARY INFORMATION**

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

YEAR ENDED MARCH 31, 2004

<u>REVENUES</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>
General property taxes	\$ 26200	\$ 26200	\$ 18580
Other local taxes	23800	23800	25395
Tax collection and administration fees			2848
Licenses, permits, and fees	1600	1600	2843
Sale of property	0	0	0
Use of money and property	2000	2000	1355
Miscellaneous	3200	3200	3760
Intergovernmental	<u>19000</u>	<u>19000</u>	<u>17765</u>
<b>TOTAL REVENUES</b>	<b>75800</b>	<b>75800</b>	<b>72546</b>
<u>EXPENDITURES</u>			
General government	36077	36227	30295
Legislative	20010	20510	13256
Township property	6900	7900	7085
Public works	13625	11725	11381
Public safety	8600	8600	7509
Parks and recreation	4400	6200	5204
Capital Outlay	<u>6500</u>	<u>5500</u>	<u>3199</u>
<b>TOTAL EXPENDITURES</b>	<b>96112</b>	<b>96662</b>	<b>77929</b>
Excess of Revenues Over (Under) Expenditures	(20312)	(20862)	(5383)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in (out)	0	0	(10000)
NET CHANGE IN FUND BALANCE	(20312)	(20862)	(15383)
FUND BALANCE, APRIL 01	120164	120164	120164
<b>FUND BALANCE, MARCH 31</b>	<b>\$ <u>99852</u></b>	<b>\$ <u>99302</u></b>	<b>\$ <u>104781</u></b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
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**REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE - ROAD FUND**

YEAR ENDED MARCH 31, 2004

<u>REVENUES</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>
Property taxes	\$ 30000	\$ 30000	\$ 32314
Other local taxes	0	0	944
Use of money and property	100	100	707
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL REVENUES</b>	<b>30100</b>	<b>30100</b>	<b>33965</b>
 <u>EXPENDITURES</u>			
Public works	<u>66000</u>	<u>66000</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b>66000</b>	<b>66000</b>	<b>0</b>
 NET CHANGE IN FUND BALANCE	 (35900)	 (35900)	 33965
 FUND BALANCE, APRIL 01	 63626	 63626	 63626
FUND BALANCE, MARCH 31	\$ <u>27726</u>	\$ <u>27726</u>	\$ <u>97591</u>

The notes to the financial statements are an integral part of this report.



**OTHER SUPPLEMENTARY INFORMATION**

TOWNSHIP OF MANSFIELD
-----------------------

OTHER SUPPLEMENTAL INFORMATION  
BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

MARCH 31, 2004

	<u>LIQUOR LAW ENFORCEMENT FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>			
Cash and Investments (Note C)	\$ 786	\$ 15543	\$ 16329
Due from Other Funds	<u>0</u>	<u>          </u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b>\$ 786</b>	<b>\$ 15543</b>	<b>\$ 16329</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>LIABILITIES</u></b>			
Due to Other Funds	<u>0</u>	<u>          </u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>FUND BALANCES</u></b>			
Reserved for Liquor Law Enforcement	786		786
Reserved for Capital Projects		15543	15543
Unreserved and Undesignated	<u>0</u>	<u>          </u>	<u>0</u>
<b>TOTAL FUND BALANCES</b>	<b>\$ 786</b>	<b>\$ 15543</b>	<b>\$ 16329</b>

The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
-----------------------

OTHER SUPPLEMENTAL INFORMATION  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUND

MARCH 31, 2004

	<u>LIQUOR LAW ENFORCEMENT FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<b><u>REVENUE</u></b>			
Use of money and property	\$	\$	\$
Intergovernmental	<u>385</u>	<u>323</u>	<u>385</u>
<b>TOTAL REVENUE</b>	<b>\$ 385</b>	<b>\$ 323</b>	<b>\$ 708</b>
<b><u>EXPENDITURES</u></b>			
<b><u>Current</u></b>			
Public safety	807		807
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b>807</b>	<b>0</b>	<b>807</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(422)</b>	<b>323</b>	<b>(99)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	0	10000	10000
Operating transfers out	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 0</b>	<b>\$ 10000</b>	<b>\$ 10000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(422)</b>	<b>10323</b>	<b>9901</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b><u>1208</u></b>	<b><u>5220</u></b>	<b><u>6428</u></b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ <u>786</u></b>	<b>\$ <u>15543</u></b>	<b>\$ <u>16329</u></b>

The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
-----------------------

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS

MARCH 31, 2004

	<u>LIQUOR LAW ENFORCEMENT FUND</u>	<u>TOWNSHIP ROAD FUND</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>			
Cash & Certificates of Deposit	\$ 786	\$ 93789	\$ 94575
Due from Other Funds	<u>0</u>	<u>3802</u>	<u>3802</u>
<b>TOTAL ASSETS</b>	<b><u>786</u></b>	<b><u>97591</u></b>	<b><u>98377</u></b>
 <b><u>FUND EQUITY</u></b>			
Fund Balance- Unreserved	786	0	786
Fund Balance- Reserved for Road, Maintenance and Improvement	<u>0</u>	<u>97591</u>	<u>97591</u>
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 786</u></b>	<b><u>\$ 97591</u></b>	<b><u>\$ 98377</u></b>

The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
-----------------------

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY

SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED MARCH 31, 2004

	<u>LIQUOR LAW ENFORCEMENT FUND</u>	<u>TOWNSHIP ROAD FUND</u>	<u>TOTALS</u>
<b><u>REVENUES</u></b>			
Taxes	\$	\$ 33965	\$ 33965
State Grant	<u>385</u>	<u>      </u>	<u>385</u>
<b>TOTAL REVENUES</b>	<b>385</b>	<b>33965</b>	<b>34350</b>
<b><u>EXPENDITURES</u></b>			
Public Safety	807		807
Public Works	<u>      </u>	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b>807</b>	<b>0</b>	<b>807</b>
Excess of Revenues Over (Under) Expenditures	(422)	33965	33543
 FUND BALANCE, APRIL 1	 <u>1208</u>	 <u>63626</u>	 <u>64834</u>
FUND BALANCE, MARCH 31	\$ <u>786</u>	\$ <u>97591</u>	\$ <u>98377</u>

The notes to the financial statement are an integral part of this report.

TOWNSHIP OF MANSFIELD
-----------------------

BALANCE SHEET  
GENERAL FUND

MARCH 31, 2004

**ASSETS**

Cash and Certificates of Deposit	\$ 103686
Delinquent Taxes Receivable	3059
Due from Other Funds:	
Tax Collection Fund	<u>1465</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>108210</u></b>

**LIABILITIES AND FUND EQUITY**  
**LIABILITIES**

Due to Other Funds:	
Road Fund	<u>3429</u>
<b>Total Liabilities</b>	<b>3429</b>

**FUND EQUITY**

Fund Balance - Unreserved	<u>104781</u>
<b>Total Fund Equity</b>	<b>104781</b>

<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ <u>108210</u></b>
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The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
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**STATEMENT OF REVENUES - ACTUAL AND BUDGET  
GENERAL FUND**

*FISCAL YEAR ENDED MARCH 31, 2004*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>TAXES</u></b>			
Current Property Taxes	\$ 18580	\$	\$
Commercial Forest	1518		
State Payments - Swamp Land Tax	23877		
Interest and Penalties	287		
Collection Fees	<u>2561</u>	<u>          </u>	<u>          </u>
Total Taxes	46823	50000	(3177)
 <b><u>LICENSE AND PERMITS</u></b>			
Zoning Permits	808		
Camping Fees and Hall Deposits	<u>2035</u>	<u>          </u>	<u>          </u>
Total License and Permits	2843	1600	1243
 <b><u>STATE GRANTS</u></b>			
State Revenue Sharing:			
Sales Tax	<u>17765</u>	<u>          </u>	<u>          </u>
Total State Grants	17765	19000	(1235)
 <b><u>INTEREST</u></b>	1355	2000	(645)
 <b><u>OTHER REVENUE</u></b>			
Garbage Bags	2951		
Miscellaneous	<u>809</u>	<u>          </u>	<u>          </u>
Total Other Revenue	<u>3760</u>	<u>3200</u>	<u>560</u>
 <b>TOTAL REVENUES</b>	 \$ <u>72546</u>	 \$ <u>75800</u>	 \$ <u>(3254)</u>

The notes to the financial statements are an integral part of this report.

**TOWNSHIP OF MANSFIELD**

**STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET  
GENERAL FUND**

*FISCAL YEAR ENDED MARCH 31, 2004*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>LEGISLATIVE</u></b>			
<i>Township Board:</i>			
Salary	\$ 1400	\$	\$
Fringe Benefits	106		
Tax Roll Prep	1412		
Supplies	102		
Professional Services	300		
Administrative	1458		
Insurance	8454		
Other	<u>24</u>	<u>          </u>	<u>          </u>
<b>TOTAL LEGISLATIVE</b>	<b>13256</b>	<b>20510</b>	<b>7254</b>
<b><u>GENERAL GOVERNMENT</u></b>			
<i>Supervisor:</i>			
Salary	3552		
Fringe Benefits	269		
Supplies	<u>0</u>	<u>          </u>	<u>          </u>
Total Supervisor	3821	3602	(219)
<i>Assessor:</i>			
Wages	4800		
Supplies	<u>343</u>	<u>          </u>	<u>          </u>
Total Assessor	5143	5300	157
<i>Elections:</i>			
Wages	602		
Fringe Benefits	46		
Mileage	<u>85</u>	<u>          </u>	<u>          </u>
Total Elections	733	1075	342
<i>Clerk:</i>			
Salary	6960		
Fringe Benefits	526		
Office Supplies	310		
Telephone	<u>0</u>	<u>          </u>	<u>          </u>
Total Clerk	7796	7760	(36)
<i>Treasurer:</i>			
Salary	6720		
Fringe Benefits	514		
Office Supplies	1866		
Telephone	64		
Fees	<u>70</u>	<u>          </u>	<u>          </u>
Total Treasurer	\$ 9234	\$ 9170	\$ (64)

The notes to the financial statements are an integral part of this report.



**TOWNSHIP OF MANSFIELD**

**STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET  
GENERAL FUND  
(CONTINUED)**

FISCAL YEAR ENDED MARCH 31, 2004

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>GENERAL GOVERNMENT</u> (Continued)</b>			
Board of Review:			
Wages	\$ 294	\$	\$
Fringe Benefits	22		
Printing and Publishing	97		
Fees	<u>0</u>	<u>        </u>	<u>        </u>
Total Board of Review	413	820	407
Cemetery:			
Contract Services	<u>841</u>	<u>        </u>	<u>        </u>
Total Cemetery	841	1050	209
Street Lighting:	<u>674</u>	<u>        </u>	<u>        </u>
Total Street Lighting	674	1900	1226
Zoning:			
Wages	1057		
Fringe Benefits	80		
Postage	143		
Printing and Publishing	232		
Mileage	50		
Miscellaneous	<u>78</u>	<u>        </u>	<u>        </u>
Total Zoning	1640	5550	3910
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$ 30295</b>	<b>\$ 36227</b>	<b>\$ 5932</b>
 <b><u>TOWNSHIP PROPERTY</u></b>			
Township Hall:			
Wages	2351		
Contract Services	300		
Supplies	481		
Utilities	2712		
Miscellaneous	503		
Fringe Benefits	178		
Repairs/Maintenance	<u>560</u>	<u>        </u>	<u>        </u>
<b>TOTAL TOWNSHIP PROPERTY</b>	<b>7085</b>	<b>7900</b>	<b>815</b>
 <b><u>PUBLIC WORKS</u></b>			
Wages	8925		
Fringe Benefits	675		
Disposal Fees	<u>1781</u>	<u>        </u>	<u>        </u>
<b>TOTAL PUBLIC WORKS</b>	<b>\$ 11381</b>	<b>\$ 11725</b>	<b>\$ 344</b>

The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
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STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET  
GENERAL FUND  
(CONTINUED)

FISCAL YEAR ENDED MARCH 31, 2004

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>PUBLIC SAFETY</u>			
Fire:			
Ambulance	\$ 7509	\$ _____	\$ _____
 TOTAL PUBLIC SAFETY	 7509	 8600	 1091
 <u>RECREATION AND CULTURAL</u>			
Park:			
Wages	3052		
Fringe Benefits	231		
Contract Services	70		
Supplies	780		
Utilities	45		
Mileage	0		
Miscellaneous	<u>190</u>		
Total Park	4368		
Special Events:	<u>836</u>	_____	_____
 TOTAL RECREATION AND CULTURAL	 5204	 6200	 996
 <u>CAPITAL OUTLAY</u>	 3199	 5500	 2301
 TOTAL EXPENDITURES	 77929	 96662	 18733
 <u>OTHER FINANCING USES</u>			
Transfer Out	<u>10000</u>	_____	(10000)
TOTAL OTHER FINANCING USES	<u>10000</u>	<u>0</u>	(10000)
 TOTAL EXPENDITURES AND OTHER FINANCING USES	 \$ <u>87929</u>	 \$ <u>96662</u>	 \$ <u>8733</u>

The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
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BALANCE SHEET  
LIQUOR LAW ENFORCEMENT FUND

MARCH 31, 2004

ASSETS

Cash	\$ <u>786</u>
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FUND EQUITY

Fund Balance, Unreserved	\$ <u>786</u>
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The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY

ACTUAL AND BUDGET  
LIQUOR LAW ENFORCEMENT FUND

FISCAL YEAR ENDED MARCH 31, 2004

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
State Shared Revenue -	\$	\$	\$
Returnable Liquor License Fees	<u>385</u>	<u>400</u>	<u>(15)</u>
TOTAL REVENUES	385	400	(15)
 <u>EXPENDITURES</u>			
Public Safety:			
Salaries and Wages	750		
Fringe Benefits	<u>57</u>	<u>      </u>	<u>      </u>
TOTAL EXPENDITURES	<u>807</u>	<u>935</u>	<u>128</u>
Excess of Revenues Over (Under) Expenditures	(422)	(535)	113
 FUND BALANCE, APRIL 1	<u>1208</u>		
FUND BALANCE, MARCH 31	\$ <u>786</u>		

The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
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BALANCE SHEET  
TOWNSHIP ROAD FUND

MARCH 31, 2004

**ASSETS**

Cash & Certificates of Deposit	\$	93789
Due from Other Funds		<u>3802</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>97591</u></b>

**FUND EQUITY**

Fund Balance - Reserved for Road Maintenance and Improvement	\$	<u>97591</u>
<b>TOTAL FUND EQUITY</b>	<b>\$</b>	<b><u>97591</u></b>

The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
-----------------------

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY

ACTUAL AND BUDGET  
TOWNSHIP ROAD FUND

FISCAL YEAR ENDED MARCH 31, 2004

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Current Property Taxes	\$ 32314	\$	\$
Commercial Forest	944		
Interest on Taxes	<u>707</u>	<u>          </u>	<u>          </u>
<b>TOTAL REVENUES</b>	<b>33965</b>	<b>30100</b>	<b>3865</b>
 <u>EXPENDITURES</u>			
Public Works	<u>0</u>	<u>66000</u>	<u>66000</u>
 Excess of Revenues Over (Under) Expenditures	 33965	 (35900)	 69865
 FUND BALANCE, APRIL 1	 <u>63626</u>		
 FUND BALANCE, MARCH 31	 <u>\$ 97591</u>		

The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
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BALANCE SHEET  
TOWNSHIP IMPROVEMENT REVOLVING FUND

MARCH 31, 2004

ASSETS

Cash and Certificates of Deposit	\$ <u>15543</u>
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FUND EQUITY

Fund Balance - Designated for Township Capital Improvements	\$ <u>15543</u>
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The notes to the financial statements are an integral part of this report.

TOWNSHIP OF MANSFIELD
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY

ACTUAL AND BUDGET  
TOWNSHIP IMPROVEMENT REVOLVING FUND

FISCAL YEAR ENDED MARCH 31, 2004

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUE</u>			
Interest	\$ <u>323</u>	\$ <u>100</u>	\$ <u>223</u>
<b>TOTAL REVENUE</b>	<b>323</b>	<b>100</b>	<b>223</b>
 <u>EXPENDITURES</u>			
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
 Excess of Revenues Over (Under) Expenditures	 323	 100	 223
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out)	10000	0	10000
 Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 10323	 100	 10223
 FUND BALANCE, APRIL 1	 <u>5220</u>		
FUND BALANCE, MARCH 31	\$ <u>15543</u>		

The notes to the financial statements are an integral part of this report.



TOWNSHIP OF MANSFIELD
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STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
TRUST AND AGENCY

FISCAL YEAR ENDED MARCH 31, 2004

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
<b><u>ASSETS</u></b>				
Cash	\$ 79927	\$ 661339	\$ 714300	\$ 26966
<b>TOTAL ASSETS</b>	<b>\$ 79927</b>	<b>\$ 661339</b>	<b>\$ 714300</b>	<b>\$ 26966</b>
 <b><u>LIABILITIES</u></b>				
Due to Other Funds	\$ 7540	\$ 56013	\$ 61715	\$ 1838
Due to Forest Park Schools	5405	272741	275297	2849
Due to Iron County	6661	266676	270727	2610
Due to I.S.D.	25651	33301	58106	846
Due to State of Michigan	0	10853	10853	0
Due to Library	16790	21900	37317	1373
Due to Other	17880	(145)	285	17450
<b>TOTAL LIABILITIES</b>	<b>\$ 79927</b>	<b>\$ 661339</b>	<b>\$ 714300</b>	<b>\$ 26966</b>

The notes to the financial statements are an integral part of this report.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING**

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Township of Mansfield  
Crystal Falls, Michigan 49920

We have audited the financial statements of the governmental activities and each major fund as of and for the year ended March 31, 2004, which collectively comprise the **Township of Mansfield's** financial statements, and have issued our report thereon dated July 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

### Compliance

As part of obtaining reasonable assurance about whether the **Township of Mansfield's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

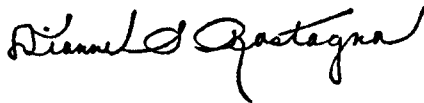
### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **Township of Mansfield's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no such matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

However, we noted certain matters involving the internal contraol structure and its operation that we have reported to the management of the **Township of Mansfield**, Crystal Falls, Michigan, in a separate letter dated July 10, 2004.

This report is intended for the information of the Board, administration, and federal awarding agencies and pass-through entities, and it is not intended to be, and should not be, used by anyone other than these specified parties.



Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

July 10, 2004

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935***

***Tel (906) 265-1040 Fax (906) 265-1042***

July 10, 2004

Governing Board  
**Township of Mansfield**  
Crystal Falls, MI 49920

I have audited the general purpose financial statements of the **Township of Mansfield** for the year ended March 31, 2004, and have issued my report thereon dated July 10, 2004. Professional standards require that I provide you with the following information related to the audit:

## **My Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards**

As stated in my engagement letter dated May 11, 2004, my responsibility, as described by professional standards, is to plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

~~As part of the audit, I considered the internal control of the Township of Mansfield. Such considerations were solely for the purpose of determining the audit procedures and not to provide any assurance concerning such internal control.~~

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the **Township of Mansfield's** compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

## **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the **Township of Mansfield** are described in the Note to the general purpose financial statements. With the exception of the implementation of GASB 34, there were no new accounting policies adopted and the application of existing policies was not changed during this year. We noted no transactions entered into by the **Township of Mansfield** during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

**Accounting Estimates**

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no sensitive estimates affecting the financial statements as presented.

**Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the general purpose financial statements that, in my judgment, may not have been detected except through my auditing procedures. These adjustments may include those proposed by me but not recorded by the **Township of Mansfield** that could potentially cause future financial statements to be materially misstated, even though I have concluded that such adjustments are not material to the current financial statements. I proposed no audit adjustments that could, in my judgment, either individually or in the aggregate, have a significant effect on the **Township of Mansfield's** financial reporting process.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of the audit.

**Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Page Three

**Issues Discussed Prior to Retention of Independent Auditors**

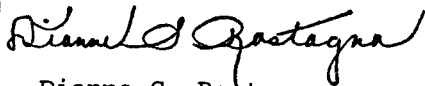
I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the **Township of Mansfield's** auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

**Difficulties Encountered in Performing the Audit**

I encountered no significant difficulties in dealing with management in performing the audit.

This information is intended solely for the use of the Board and management of the **Township of Mansfield** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

Honorable Supervisor and Township Board  
**Township of Mansfield**  
Crystal Falls, Michigan 49920

In planning and performing the audit of the financial statements of the **Township of Mansfield**, I considered the Township's internal control structure to plan the auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance in the internal control structure.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect my report dated July 10, 2004 on the financial statements of the **Township of Mansfield**. I will review the status of these comments during my next audit engagement. My comments and recommendations, which have been discussed with appropriate Township officials, are intended to improve the internal control structure or result in operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience to assist you in implementing the recommendations. My comments are summarized as follows:

## **BUDGETARY Problem**


During the year ended March 31, 2004, the Township incurred several expenditures which were in excess of amounts appropriated.

## **Recommendation**

In the future, closer monitoring should be done in regards to budgetary appropriations and expenditures.

The above recommendation has been discussed with Township officials.

I wish to express my appreciation to the Township officials for their assistance during the audit engagement.

  
Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

July 10, 2004